(b) The export earnings from tea during the last three years are as follows:—

Rs. in crores

| Year | Export Earnings |
|---|---|
| 1984-85 | 771.39 |
| 1985-86 | 674.25 |
| 1986-87 | 615.00 |

**Demand notices issued to M/s. Voltas Ltd. by the excise department**

*347. SHRI SURESH KALMADI: Will the Minister of FINANCE be pleased to slate:

(a) what is the number of demand notices issued by the Centtral Excise Department to M/s. Voltas Ltd. and the amount of excise duty involved therein: :md

(b) how much of the evaded excise duty has been paid and by when the balance is likely to be paid by M/s. Voltas Ltd. after the excise raid and apology tendered by the Company?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): (a) and (b) 64 show cause notices have been issued to M/s. Voltas Ltd. demanding central excise duty to the tune of Rs. 20.02 crores approximately

Out of the above, 2 show-cause notices involving duty of Rs. 7.75 crores have been issued on account of searches conducted by the Department for evasion of central excise duty. These cases are under process of adjudication. No 'apology has been tendered by the company.

An amount of Rs. 1.59 crores in 9 cases has been realised so far.

**Recommendation of the Chelliah Committee**

*348. SHRl KALPNATH RAI: Will the Minister of FINANCE be pleased to state;

(a) what are the recommendations of Chelliah Committee regarding expenditure tax. and

(b) whether these recommendations have been examined by Government and any decision taken thereon?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): (a) and (b) The Study Group on Taxation of Expenditure under the Chairmanship of Dr. Chelliah in their final Report submitted to the Government in Apri 1987, came to the conclusion that total replacement of income tax by expenditure tax would not be a practical proposition. However, to make the direct tax system more progressive and eqtiitabe, the Group has suggested that some concepts of expenditure tax be incorporated into the present income tax structure.

2. In the light of this, the substance of the recommendations of the Study Group is briefly as under:

(i) The scheme of incentives should be such that it encourages and rewards only net savings 'as far as possible, that is, if investment or saving is exempt, the disinvestment or withdrawal be brought under charge.

(ii) If deduction is allowed for making an investment, the income from same investment should not also be exempt.

(iii) While there is some justification for diverting savings to the public sector on grounds of priority, savings flowing into private sector should be extended concessional treatment to a greater extent than now so that there is a greater competition and a higher degree of efficiency.

3. Government agrees with the view that total replacement of income-tax by expeaditur tax is not practical. The Study Group's suggastiao to base incentives to sayings on the netting principle has already been partly accepted by Government while introducing the 'National Savings Scheme, 1987' through the Budget for 1987-88. This scheme which carries a return of 9 per cent has been introduced with effect from 1.4.1987. It provides for tax concessions on deposits with stipulaton that dissavings (withdrawals) will be subject to tax. Care will, however, be taken to ensure that there is no drop in the present level of national savings.

*349. *[Transferred to the 10th December,* 1987.]

**Permission to private sector financialinstitutons and foreign banks to subscribein public sector bonds**

*350. SHRI GURUDAS DAS GUPTA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Govern ment are considering to permit the private sector financial institutions and, fpre-gn banks to subscrible towards public sector bonds; and

(b) if so, what are the reasons therefor?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHAVI): (a) There is no prohibition for any private sector financial institution and foreign banks to subscribe to the public sector bonds.

(b) Does not arise.

**Crisis in the decentralised powerloom Industry**

♦351. SHRI A. G. KULKARNI; Will the Minister of TEXTILES be pleased to state:

(a) whether the decentralised powerloom industry is facing a crisis due to increased yarn prices and reduced sales realisation and if so, whether Government propose to strengthen competitive capacity of the de-centralised sector *vis-a-vis* organised" sector; and

(b) whether Government also propose to And a solution to the profitable working of co-operative spinning mills as raw material prices and other input prices have risen tremendously; if so, what are the details in this regard?

THE MINISTER OF STATE OF THE MINISTRY OF TEXTILES AND THE MINISTER OF STATE OF THE MINISTRY OF WATER RESOURCES (SHRI RAM NIWAS MIRDHA): (a) The levels of weaving activity in the decentralised powerloom sector change from time to time depending upon the prices of yarn, offtake of cloth, availability of electric supply and economic decision of powerloom owners. The profitability of weaving operations in recent months has been affected because of rise in prices of cotton yarn and poor off-take of cloth due to erosion of purchasing power in rural and urban areas. This has resulted in reduction in levels of weaving activity in various areas. The available figures of yam deliveries to the powerloom sector, for the country as a whole, indicate that the production of cloth in the powerloom sector has been maintained during the first half of the current financial year. Since the announcement of the Textile Policy in June. 1985, the level of production of cloth by the decentralised sector has increased whereas the level of production in the organised sector has decreased marginally. For the purpose of policy, powerlooms in the organised mill sector and in the unorganised powerloom sector shall, as far as possible, be treated at par and allowed to compete on the basis of their inherent strengths and capabilities.

(b) During the five years' period from 1981-82 to 1985-86, the Co- f operative Spinning Mills showed some deterioration in their overall financial performance. The reasons were the steady increase in conversion cost due to rise in power cost and labour